



**Application for International Incentive Program ("IIP")  
Agreement for IIP Participation**

1. Applicant \_\_\_\_\_
  
2. Indicate if you are a Proprietary Trading Firm or Trading Arcade.  
 Proprietary Trading Firm  
 Trading Arcade
  
3. Indicate other Exchange memberships or CME Group Inc. incentive programs applied for, currently held or previously held.  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_
  
4. Please include a Non-Refundable Application Fee of \$2,000. Checks should be made payable to CME Group Inc.

Completed applications along with all supporting documentation and the Application for International Incentive Program – Corporate Information should be submitted to:

CME Group Inc.  
Financial and Regulatory Surveillance Department  
20 S. Wacker Drive  
Chicago, IL 60606



**Attestation, Authorization and Agreement for  
International Incentive Program ("IIP") Participation**

On behalf of my organization, I make this application for CME Group Inc. IIP. I represent that my organization meets all of the requirements for IIP which is applied for.

I do hereby agree that, if my organization is accepted as a CME Group Inc. IIP, it will comply with and agrees to be bound by the Bylaws, Certificate of Incorporation, Rules and Regulations of CME, CBOT and NYMEX and all amendments thereto.

I further acknowledge that my organization meets all of the requirements for IIP as outlined in CME Group Inc.'s IIP Questions & Answers located on CME Group Inc.'s website at <http://www.cmegroup.com/company/membership/files/InternationalIncentiveProgramQA.pdf>. I further acknowledge to abide by CME Group Inc.'s Fee Policy Bulletins located on CME Group Inc.'s website at <http://www.cmegroup.com/tools-information/fee-policy-bulletins.html> regarding Firm Trading Policies. I further represent that all current and future trading activity of my organization will conform to the requirements for such trading activity established by CME Group Inc.

I authorize CME Group Inc. to obtain information from sources that CME Group Inc. deems appropriate in order to adequately evaluate and process this application. I understand that any person or firm that obtains IIP status by fraudulent representations or concealment, or by any material misstatement, shall be subject to suspension or expulsion pursuant to CME Group Inc. Rules and Regulations, as applicable.

I hereby consent to use by CME Group Inc. and its affiliates of proprietary data or other personal information regarding Applicant received by CME Group Inc. and its affiliates from time to time through the conduct of their businesses, including any data submitted to them to fulfill regulatory obligations, for commercial, business and marketing purposes. Without the prior consent of Applicant, CME Group Inc. and its affiliates will not reveal to non-affiliated third-parties on a non-aggregated, non-anonymized basis any of the following information that is obtained from Applicant to fulfill regulatory obligations: (i) personally identifiable information, (ii) detailed transaction data, (iii) position data, (iv) investigative materials, or (v) financial source documents, except (w) as necessary to fulfill its regulatory obligations, (x) as permitted by law, (y) as required or requested by regulatory authority or (z) pursuant to a valid court order, subpoena or equivalent legal instrument.

The Program and its terms are subject to all applicable regulatory processes and approvals, and the completion of such processes, and receipt of such approvals, are conditions precedent to the effectiveness of this Application. CME Group, Inc., shall have the right, in its sole discretion, but not the obligation, to monitor Applicant's trading activity in the Products to ensure compliance with the terms of the Program and this Application. CME Group, Inc., reserves the right to disqualify any trade that it deems inappropriate to include in the Program from the rights and obligations of this Application.



I attest that the information provided in this Application and the Application for International Incentive Program Participation – Corporate Information is accurate and complete. I further acknowledge that confirming inaccurate and/or incomplete information may subject me to CME Group Inc. disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of \_\_\_\_\_.  
(Organization)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**CME Group Inc.**  
**International Incentive Program**  
**Firm Trading Attestation**

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(CME Group Inc. International Incentive Program Firm)

The trades of a CME Group Inc. International Incentive Program (“IIP”) firm may receive preferential fee rates – less than charged to non-member customers. Only the entity maintaining IIP status is entitled to the preferential fees on its IIP firm trades. The reduced fee benefit does not flow downward to 100% owned subsidiaries or to affiliates of the IIP firm.

In order for IIP firms to receive preferential fees on CME, CBOT and NYMEX trades, all trading activity must be conducted in accordance with the Questions & Answers Guide for IIPs and must be in accordance with CME Group Inc.’s Fee Policy Bulletins which can be found on CME Group Inc.’s website at <http://www.cmegroup.com/tools-information/fee-policy-bulletins.html>. In addition, qualified IIP firms and all IIP traders must be located outside of North America.

**Requirements (Absolutes)**

An IIP firm trading account is evidenced through:

- The financial benefit and risk shall be solely of the IIP firm – only firm capital is at risk of loss.
- For Proprietary Trading Firms, no non-owner traders may make any contributions or payments to the IIP firm or IIP firm trading account nor have any capital at risk in connection with their trading of the IIP firm account.
- For Trading Arcades, funds used for trading may be corporate pools of funds or commingled individual/corporate funds, of which the Trading Arcade must contribute at least 20% of the funds. The Trading Arcade must participate in at least 20% of the profits/losses of the trading accounts. In addition, individual traders may participate in no more than 80% of the profits/losses of the trading accounts.
- All contributions by owners or Trading Arcade traders of the IIP firm are subject to risk of loss from any and all trading and business activities of the firm.
- All profits and losses of the IIP firm account are written off to the income of the IIP firm and are taxed to the IIP firm in accordance with applicable regulations.
- All trading must be done in IIP firm trading accounts held in the name of the IIP.

Further, IIP trading activity must be conducted by traders that are:

- Bona-fide employees of the IIP; or
- Independent contractors of the IIP; or
- Bona-fide owners of the IIP; or
- Registered Commodity Trading Advisors (“CTAs”), exempt CTAs under CFTC Regulations 4.14(a)(4), 4.14(a)(8)(i)(D) or 4.14(a)(10), and Investment Managers authorized by the Financial Conduct Authority (“FCA”).

All IIP traders must be assigned unique trader IDs, those IDs and the associated IIP trader must be appropriately registered in CME Group Inc.’s Exchange Fee System and all Globex trades (orders) must be identified with the registered ID of the trader executing the trade.

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In addition, IIP firm trading must meet the following requirements:

- Traders cannot be responsible for losses beyond their share of profits earned and maintained in the account which have not yet been distributed to the trader.
- The firm must be allocated both a portion of the profits and losses of the IIP firm account.
- The profit split on agreements with any trader, including owners acting as traders, may not exceed 80/20 (i.e. 80% to the trader/20% to the firm).
  - For IIP firm trading conducted by a team of traders, the profit split to the team in total may not exceed 80/20 (i.e. 80% to the trader team/20% to the firm).
  - Further the 80% limit on profit splits to a trader or team of traders includes any individual who has a specific interest in its profitability including those involved in the training/supervision of the account(s) and/or trader(s).
- Non-owner traders cannot leave their share of profits in the firm for greater than 24 months without becoming an equity owner.
  - Non-owner trader's share of capital in an account may not exceed the trader's share of net profit/loss in the previous 24 month period.
  - If a trader leaves their share of any profits in the account for greater than 24 months, they must become an equity owner.
- The firm is prohibited from:
  - Setting minimum account balances for its traders.
  - Charging margin on positions to traders.
  - Charging fees on draws taken by traders.
  - Requiring or accepting security deposits from its traders.

### **Best Practices**

CME Group Inc. recognizes that certain business practices may be utilized when conducting customer business as well as IIP firm trading activities. The Best Practices were established to allow firms to utilize certain business practices (most not allowed in the past) which are generally prohibited. In order to do so, the IIP firm must clearly demonstrate to CME Group Inc. their application of these non-compliant practices is not inconsistent with CME Group Inc.'s goal of providing preferential fees only for IIP firm trading activity. Such practices will be reviewed individually and in the aggregate in relation to the firm's entire trading activities and operation.

Review of such non-compliant practices will reflect the following key principles of CME Group Inc's IIP firm trading policies. First and foremost, the trading activity eligible for preferential fees must be conducted for the account and sole benefit of the IIP firm itself. The trading activity of individual customers/traders conducted in the name of the firm is not eligible for discounted IIP firm fees to prevent the "selling" of IIP firm rates. Further, an IIP firm may only profit/benefit from the IIP firm trading activity through the performance of the trade and not from any other source such as a commission or charge for trade execution.

Non-compliance with the Best Practices below is generally prohibited as it is indicative of the selling of rates and/or profiting from sources other than the performance of the IIP firm trade. As such, while the Best Practices are not absolutes as the Requirements are, any non-compliance of the Best Practices will be carefully reviewed with the burden of responsibility on the IIP to clearly support and demonstrate to CME Group Inc.'s satisfaction that the trading is of

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the IIP itself. Under limited circumstances in reviewing the totality of the IIP's trading operations and the violative practice(s), CME Group Inc. may deem the IIP's trading activities in accordance with CME Group Inc.'s policies for IIP trading activity that is eligible for IIP fees.

**Please check the box next to each practice which you do not comply with regarding your IIP firm trading:**

- The firm may not charge interest on debit balances to traders nor may it pay interest on credit balances to traders except where an options trading strategy is utilized in which interest on the premium is a key component of the overall profitability of the strategy.
- The firm may not pay interest on holdbacks where holdbacks are permitted.
- The firm may not pay interest on capital contributions.
- The firm may not allocate expenses to trades or traders in excess of actual direct and indirect expenses of the individual IIP firm trades or traders. Only actual expenses incurred may be allocated – a mark up on expenses is not permitted. Further, opportunity costs may not be allocated. IIPs must maintain and provide adequate supporting calculations and documentation of such allocated expenses and their reasonableness.
- A firm may not charge a fee for capital usage to individual traders of the firm's accounts.
- A firm may not charge a fee for the cost of capitalizing the firm (and thus the firm's trading accounts) to individual traders.
- Individual owners and investing LLCs (as permitted) of an IIP may not have a specific interest in the profitability of an IIP account or group of accounts other than an IIP account that the individual owners or owners of the investing LLC trade or provide direct supervision/training to.

I represent that all current and future IIP firm trading activity of my organization, an IIP firm, receiving preferential clearing fee rates will conform to the requirements for such trading activity established by CME Group Inc.

I attest that the above information is true and correct. I further acknowledge that confirming incorrect information may subject me to CME Group Inc. disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of my organization.

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Signature

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Print Name

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Title

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Date



**DESIGNATED SPOKESPERSON AND AUTHORIZED SIGNOR ACKNOWLEDGEMENT**

CME Group Inc. requires that firms designate a representative who shall be authorized to deal with the Exchanges with respect to the membership owned or leased by the firm, as applicable and who shall be authorized to represent the International Incentive Program ("IIP") firm before the Exchanges. Such authorized representative shall be responsible to the Exchanges as if such person was a member as defined by Rule 400.

IIP Firm Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Country \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone Number \_\_\_\_\_ Tax I.D. # \_\_\_\_\_

Email Address\* \_\_\_\_\_

**Name and Signature of Officers Authorized to act on behalf of the firm:**

Name (please print)	Signature	Designated Spokesperson	Authorized Signor
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\*General Correspondence will be sent electronically.